

LAND BOARD AGENDA ITEM
January 22, 2008
PRELIMINARY APPROVAL FOR LAND BANKING ACQUISITION

Proposed Acquisition:

The property known as the DeBruycker Farm containing approximately 5,140.1 acres has been identified as a potential acquisition. These acres include 753.2 CRP, 3,436.4 agricultural land (dryland), and 950.5 grazing land. The property is for sale for \$5,000,000.

Selection Considerations:

The Department has conducted a review of the tracts nominated for acquisition per Administrative Rule 36.25.813 (3). Acquisition selection forms were also completed for the recommended properties.

Access: All tracts are accessed via Montana Highway 221 and petitioned county roads.

Revenue: The predicted annual rate of return, over a 20 year period is estimated at 2.73% based on assumptions outlined in the return on asset spread sheet. Total revenue (grazing, crop land, CRP, FSA, payments) estimates are based on 25% crop share and minimum grazing rental is \$147,812.98 annually or \$28.76 per acre. There has been interest from wind energy developers to lease the Teton Ridge portion of the farm and the current owner has collected 2 years of data. Income from future wind energy development is not included in the rate of return, but if developed would generate significant future revenue.

Multiple Use: The tracts have a variety of natural resource uses including CRP, agricultural and grazing land. This property offers wildlife habitat, hunting, and other recreational opportunities.

Location: The property is located between Dutton and Choteau. The property is 6 miles west of Dutton and 9 miles east of Choteau along and south of Montana Highway 221.

Cooperation: DNRC has contacted the Teton County Commissioners, the Department of Fish Wildlife and Parks, and other interest groups. There appears to be widespread support and no opposition to the potential the acquisition has surfaced.

Upon preliminary approval, DNRC will continue to pursue the acquisition of this property. Steps in this process include securing a purchase agreement contingent upon findings of the due diligence as per Land Banking rule ARM 36.25.813 through 815, Due diligence includes a detailed inventory report of the property, appraisal, Phase 1 hazardous materials study, an in-depth financial analysis, and a survey, if needed, followed by final Land Board approval.

Agency Recommendation:

The Director recommends preliminary approval of the DeBruycker Farm for further consideration for acquisition.

DeBruycker Farm, Dutton, Montana

\$5 Million

Location: The property is located between Dutton and Choteau. The property is 6 miles west of Dutton and 9 miles east of Choteau south of Montana Highway 221.

Acreage: 5,140.1 DEEDED (753.2 acres CRP, 3,436.4 acres agricultural land, 950.5 acres grazing land)

Carrying Capacity: 950.5 acres of grazing lands are estimated to have an initial stocking rate of .3 AUMs / acre or 285 AUMs.

Crop Land: 3,436.4 acres of agricultural land. 10 year average winter wheat production on 50 /50 - crop / summer fallow system is 50 bushels per acre. 753.2 acres of existing CRP.

Stockwater: 4 reservoirs that provide adequate livestock water, 2 reservoirs that are not functional.

Irrigation: None

Timber: None

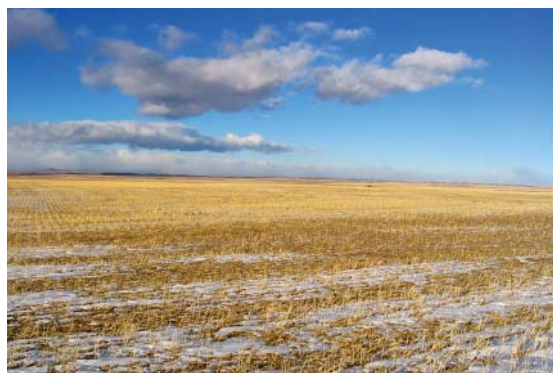
Fencing: East parcel is fenced on the perimeter with 4 strand barbed wire (10.5 miles). There are several miles of interior electric fence to separate CRP, agricultural, and native rangeland. West parcel is cropland and is not fenced.

Improvements: Fences, Reservoirs, 2 wind anemometer are present on the Teton Ridge.

County/Taxes: \$12,000.00 annually

Precipitation: 12-14 inches

Comments: The 5140.1 acre DeBruycker Farm provides a unique mix of grazing, agricultural, and CRP land situated in the heart of Montana's Golden Triangle. Grazing land is good to excellent condition native rangeland typical of the Northern Mixed Grass Prairie. Crop land is farmed in a 50/50 crop / summer fallow system and has a 10 year winter wheat average of 50 bushels per acre. CRP is fully established and has a new 10 year contract which will



DeBruycker Farm, Dutton, Montana

expire in 2017. CRP payment averages \$28.65 / acre or \$21,580.00 annually.

Revenue projections across all land uses (grazing, CRP, Ag land, FSA payments) total \$569,777.49. Assuming a 25% crop share lease, school trust beneficiaries stand to gain \$147,812.98 annually or \$28.76 per acre. Rate of return on asset is estimated to be 2.73%.

All tracts on this property are accessible though Montana Highway 221 or petitioned county roads. Wildlife on this farm includes, Mule Deer, Whitetail Deer, Pronghorn Antelope, Hungarian Partridge, Sharp Tail Grouse, Pheasants, and various other none game mammals and birds. The property would provide fair big game hunting and good to excellent upland bird hunting. Other recreational opportunities such as hiking and bird watching may also exist.

A unique aspect of this property is the 2 wind anemometers stationed on the Teton Ridge. The DeBruycker purchased and installed these wind anemometers 2 years ago, in hope of developing wind energy on this property. The Teton Ridge is noted for windy conditions and is prime area for wind development. Property purchase would include the 2 wind anemometers and all wind data.

